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## Hospitality Expense Policy

Effective Date: February 23, 2001 (Revised July 22, 2016) POLICY

The policy of the CSU, Chico Research Foundation and University Foundation (“foundation”) with respect to the payment of hospitality expenses is designed in alignment with the California State University Integrated CSU Administrative Manual policy 1301.00 and the corresponding policies of the California State University, Chico (“university”). This policy is located on the website <http://www.csuchico.edu/resp/formspoltravel/policies/index.shtml>

Hospitality expenses are for the conduct of official business and for supporting activities that promote the foundation/university to the public and foster community relations, usually with the expectation of benefits accruing directly or indirectly to the foundation/university. Because they are subject to public scrutiny, these types of expenses call for a high standard of care in how the funds are used. Hospitality expenses may be paid with foundation funds to the extent that the purchase and use of these services and items

- are consistent with the mission and fiduciary responsibilities of the foundation and university
- conform to IRS regulations
- are reasonable and allocable to the project being charged, and
- represent the best use of foundation funds.

**AUTHORITY** California Code of Regulations, Title 5, Division 5, California Code of Regulations; Section 41600, 41601; California Education Code Sections 66600, 89030, 89035, 89044; HR 96-11.

### DEFINITIONS

**Allocable Cost**—goods or services that are prudently chargeable or assignable to a particular cost objective (i.e., sponsored agreement, project, or specific function).

**Allowable and Unallowable Costs**—costs that are permissible under federal government rules and definitions as stated in 2 CFR, Part 220, (Refer to the Office of Research and Sponsored Program’s website at <http://www.csuchico.edu/resp/formspoltravel/policies/index.shtml>.)

**Approving Authority**—a person to whom authority has been delegated in writing to approve expenses in accordance with foundation policy.

**Award**—a gift of tangible personal property or a payment in recognition of service or achievement directly benefiting the foundation/university.

**Business Meal**—a meal at which official foundation/university business is conducted and which meets the standards for reimbursement set forth in Table I below. To qualify as a reimbursable business meal, the meal must be a necessary and integral part of the business meeting.

**Gift**—something of value given or bestowed upon an individual, group, or entity with the expectation of benefit accruing to the foundation/university.

**Honorarium**—a payment given as a token of thanks and appreciation, as to a guest speaker.

**Hospitality**—the provision of meals (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies, etc.) at a business event or meeting, or the provision of promotional materials, gifts, and travel expenses to official guests of the foundation/university.

**Official Host**—a foundation/university employee who hosts a meeting, conference, or event.

**Official Guest**—a person invited by an official host to attend a foundation/university meeting, conference, reception, or event. Examples of official guests include employees from another work location, members of the community, or media representatives. Employees of the university are not considered official guests.

**Promotional Materials**—a gift of tangible personal property of minor value that is distributed to promote the name or image of the foundation/university, to provide information, or to enhance campus productivity.

**Reasonable Cost**—the amount a prudent person would have paid for the goods or services under the circumstances.

**Work Location**—the place where the major portion of an employee's working time is spent or the place to which the employee returns during working hours upon completion of special assignments.

## FUNDING SOURCES

Hospitality expenses may be paid from various foundation fund sources, subject to the rules outlined below and the restrictions identified in Table 1. There are three types of funds available for the payment of hospitality expenses:

- Grant/Contract funds

- Board Designated and Incentive funds

- All other funds, including Campus Program, General Fund, Enterprise, and Annual Fund

## ALLOWABLE EXPENSES AND OCCASIONS

Hospitality expenses must be directly related to, or associated with, the active conduct of official foundation/university business.

When a foundation employee acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear business purpose, with no personal benefit derived by the official host or other foundation/university employees. In addition, the expenditure of funds for hospitality should be cost effective and in accordance with the best use of funds.

When determining whether a hospitality expense is appropriate, the approving authority must evaluate the importance of the event in terms of the costs that will be incurred, the benefits to be derived from such an expense, the availability of funds, and any alternatives that would be equally effective in accomplishing the desired objectives.

Hospitality expenses may be allowable when the foundation

- hosts official guests, including foundation/university employees visiting from another work location, donors, and prospective donors;
- hosts or sponsors a meeting of a learned society or organization;
- hosts or sponsors meetings of an administrative nature that are directly concerned with the welfare of the foundation/university and the provision of hospitality is a necessary and integral part of the business meeting and not solely a matter of personal convenience;
- hosts receptions held in connection with conferences, meetings of a learned society or organization, fundraising events, meetings of student organizations and groups, student events such as commencement exercises, and meetings of other university-related groups such as alumni organizations;
- hosts receptions or other activities related to the benefit of employee morale, employee recognition, or length of service awards or retirement presentations.

Hospitality expenses incurred which benefit an employee or their family members are generally not allowable. These include occasions such as birthdays, bereavement, illness, and farewell gatherings. However, an expenditure that does not exceed \$50 per event that meets the policy requirements and is allowable by the funding source (see Table 1 on page 5 of this policy), will be allowed by the foundation when approved by the project director. Expenses for such events exceeding the \$50 limitation require a one-up signature by the appropriate Dean or VP.

### Meals

Meals must be modest, reasonably priced, and appropriate to the business purpose.

#### **Maximum Per-Person Rates for Hospitality Meals and Light Refreshments**

<b>Meal Type</b>	<b>Maximum Per-Person*</b>
Breakfast	\$25
Lunch	\$30
Dinner	\$60
Light Refreshments	\$20

*\*The maximum per-person calculation includes total cost of food, beverages, labor, sales tax, delivery fees, or other services fees. When hospitality expenditures exceed the per-person maximum, an exception must be approved by the appropriate Dean or VP.*

### Grant/Contract Projects

In addition to the above guidelines and those identified in Table 1, the following restrictions apply to the use of grant/contract funds:

- Expenditures for food, light refreshments, incentives or promotional materials must be specifically identified in the sponsor approved budget.

- Expenditures must be allocable to the specific project and allowable in accordance with 2 CFR, Part 220.
- Expenditures may not be used to pay for food and beverages for business meetings attended only by employees of the same immediate work location unless specifically identified in the sponsor approved budget.
- Expenditures must conform to the specific requirements of the sponsoring agency.

The Office of Research and Sponsored Programs is available to answer questions about permissible expenses on specific grants and contracts.

## APPROVAL OF TRANSACTIONS

When requesting reimbursement, individuals must adequately document the business purpose of the hospitality expense. The following information is required when submitting requests for reimbursement of a hospitality expense:

- the nature of the expense or activity and business purpose
- the date, time and location of the meeting or activity
- the number of guests in attendance (if fewer than 10, the individuals should be listed by name)

Original itemized receipts or invoices are required as documentation for the reimbursement and for audit purposes. Requests must be signed by the project director or other delegated approval authority.

Individuals with delegated approval authority may not approve their own expenses and individuals may not approve expenses of their supervisor. The exception is approval of the President's expenditures by the Chief Financial Officer.

### Catered Events

Non-campus individuals or businesses providing food for events held on the campus are required to follow CSU, Chico [insurance and license/permit requirements](http://www.csuchico.edu/risk/foodserviceproviders.shtml) for caterers and other food providers. University Risk Management Department requirements are located on their website <http://www.csuchico.edu/risk/foodserviceproviders.shtml>.

Projects using non-campus individuals or businesses providing food for events held off-campus must obtain evidence of insurance in which the Foundation is endorsed as an additional insured prior to the event. The wording of the endorsement must be as follows:

*The State of California; the Trustees of The California State University; California State University, Chico; CSU, Chico Research Foundation; University Foundation; and the officers, employees, volunteers and agents of each of them are included as additional insureds.*

*Coverage shall not be cancelled, modified, or reduced without thirty (30) days advance written notice to the University, delivered by certified mail, return receipt requested.*

In addition, one of the following documents must also be obtained prior to the event.

- A copy of a current Butte County Department of Health license/permit if classified as a "caterer" within the Butte County Department of Health's classifications; OR
- A copy of a Butte County Department of Health or similar agency "Food Safety Training" certificate which certifies attendance at a state-approved training on food safety within the twelve (12) months preceding the event if classified as a "cook for hire" within the Butte County Department of Health's classifications.

**Copies of evidence of insurance and appropriate licensing/certification must be attached to each check request.**

Table 1

Eligible Hospitality Expenses by Funding Source-If expenses meet the criteria under allowable expenses and occasions

Hospitality Expenses	Grant and Contract Projects and ARI Projects 58000-79999	All Other Projects 30000-56999 80000-89999	UF# 01000-01599 06000-06999 08000-08999
Food and Beverages (other than alcoholic beverages) for meetings attended only by employees of the same work location (qualifies as business meal expense)	No	Yes	Yes
Food and Beverages (other than alcoholic beverages) for meetings attended by official guests qualify as a business meal expense	Yes, if approved by funding agency, the Vice Provost for Research or RESP Management	Yes	Yes
Alcoholic Beverages	No	Yes	Yes
Gifts/Honoraria	Yes, if approved by funding agency	Yes	Yes
Awards	Yes, if approved by funding agency	Yes	Yes
Promotional Items	No	Yes	Yes
Travel	Yes ,if approved by funding agency	Yes	Yes
Receptions, events/activities directly related to Foundation/University business	Yes, if approved by funding agency	Yes	Yes